
REGULATORY OVERVIEW

We are subject to applicable laws, administrative regulations, departmental rules and other normative documents in its business operations. This section sets out a summary of the major laws, regulations and policies abided by us.

PRC LAWS AND REGULATIONS

We are subject to a variety of PRC laws, regulations and rules affecting many aspects of our business. This section summarizes major PRC laws, regulations and rules that are relevant to our business operations.

LAWS AND REGULATIONS RELATING TO THE PRODUCTION AND DISTRIBUTION OF DAIRY PRODUCTS

Food Production Licensing

According to the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》) promulgated by the SAMR on January 2, 2020 and effective on March 1, 2020, entities that engage in food production activities within the territory of PRC shall obtain the food production license. The food production licensing is subject to the “one entity, one license” principle, that is, to engage in food production activities, one food producer shall obtain one food production license.

Operating without a proper food production license by food producers or food business operators, including where the food produced by food producers does not fall into the food categories specified in the food production license, may lead to severe penalties as outlined in Article 122 of the Food Safety Law, under which their illegal income, foods or food additives from the illegal food production or business activities, tools, equipment, raw materials used in the illegal production or business activities shall be confiscated by the authorities; where the value of the food or food additives from the illegal manufacturing or business activities is less than RMB10,000, a fine ranging from RMB50,000 to RMB100,000 shall be imposed; where the value of the food or food additives is RMB10,000 or more, a fine ranging from 10 to 20 times the value of the food or food additives shall be imposed.

Food Operation Licensing

According to the Administrative Measures for Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》), which was recently promulgated on June 15, 2023 by SAMR and became effective on December 1, 2023, entities involved in food selling and catering services within the territory of PRC shall obtain the food operation license which is valid for 5 years. Applications of food operation licenses shall be filed according to food operators’ types of operation and classification of operation projects. Food operators shall display their original food operation licenses prominently at their sites of operation. If the licensing items which are indicated on a food operation license change, the food operator shall, within 10 business days after the changes take place, apply with the SAMR which originally issued the license for alteration of the operation license. Any entity engaged solely in the sale of pre-packaged foods shall file a record with the local market-supervision department at or above the county level. Engaging in food operation activities without a valid food operation license incurs penalties made by local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law.

Supervisory Inspection of Food Production and Operation

According to the Administrative Measures for Supervision and Inspection of Food Production and Business Operation (《食品生產經營監督檢查管理辦法》) released by the SAMR on December 24, 2021 and effective on March 15, 2022, food producers and traders shall be responsible for the safety of the food they produce and trade, and shall actively cooperate with market regulatory departments in supervisory inspections. The market regulatory department may, as required by its work, conduct unannounced inspections of food producers and traders for which clues to problems are found through sampling inspections for food safety, and conduct systematic

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inspection on the operation of quality management systems of special food, high-risk bulk food production enterprises, and large-scale food trade enterprises, among others. The supervisory inspection result, interview held by the market regulatory department with the food producer or trader, and rectification made by the food producer or trader shall be included in the food safety credit archives of such a food producer or trader.

Registration of Product Formulas of Infant Formula Milk Powder

The Administrative Measures for the Registration of Product Formulas of Infant Formula Milk Powder 《嬰幼兒配方乳粉產品配方註冊管理辦法》(the “**Registration Measures**”) was promulgated on June 6, 2016 and last revised on June 26, 2023 and became effective on October 1, 2023. According to the Registration Measures, the product formulas of the infant formula milk powder produced, sold and imported to the PRC shall be approved and registered with the SAMR. Where the same enterprise applies for the registration of two or more product formulas for the same age group, there shall be a significant difference between the product formulas and the difference shall be scientifically proved. In principle, each enterprise shall not apply for more than three formula series with nine product formulas. Each formula series includes infant formula milk powder (0-6 months, stage 1), elder infant formula milk powder (6-12 months, stage 2), and young children formula milk powder (12-36 months, stage 3). Enterprises that have obtained the product formula registration certificate and production license for infant formula milk powder — including an enterprise group parent company or its controlling subsidiary — may utilize a registered infant formula milk powder product formula from another controlling subsidiary within the same enterprise group or from the enterprise group parent company itself. The registration certificate of the product formulas of infant formula milk powder is valid for five years.

DEVELOPMENT, PRODUCTION AND SALES OF FSMP PRODUCTS

Development and Registration of Formula Food for Special Medical Purposes

According to the Food Safety Law, China shall implement stringent supervision and administration for special foodstuffs such as health food, special formula foodstuffs for special medical purposes and infant formula. Special formula foodstuffs for special medical purposes shall be registered with the food safety supervision and administration department of the State Council. The product formula, manufacturing process, label, instructions and materials stating the product’s safety, nutritional adequacy and clinical results of special medical purposes shall be submitted at the time of registration.

Pursuant to the Administrative Measures for the Registration of Foods for Special Medical Purposes (《特殊醫學用途配方食品註冊管理辦法》) promulgated by the SAMR on March 7, 2016, last revised on November 28, 2023 and effective as of January 1, 2024, applicants for the registration of formula food for special medical purposes shall have research and development (“**R&D**”) capability, manufacture capacity and inspection capability that are appropriate to the formula food for special medical purposes being manufactured, establish a R&D body for the formula food for special medical purposes and a quality management system which is appropriate for the manufacture of formula food for special medical purposes under good production practices and carry out batch-by-batch inspection of ex-factory products in accordance with relevant laws and regulations, national standards for food safety and technical requirements. Generally, a clinical trials report shall also be submitted when applying for the registration of FSMP with disease-specific nutritionally complete formula. An applicant shall commission a qualified clinical agency to carry out clinical trials. Clinical trials shall be conducted in accordance with the good quality management practices for clinical trials of formula food for special medical purposes (《特殊醫學用途配方食品臨床試驗質量管理規範》) issued and implemented by the SAMR on April 25, 2024.

According to the National Food Safety Standard for FSMP for Infants (GB 25596-2025) (《食品安全國家標準特殊醫學用途嬰兒配方食品通則(GB 25596-2025)》), the “**New FSMPs National Standard**”) which was promulgated by the National Health Commission and the SAMR on March 16, 2025 and the Q&A of Infant Formula Food for Special Medical Purposes Registered under the New National Standard (《特殊醫學用途嬰兒配方食品按新國標註冊問答》) disclosed

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by the SAMR on its official website on April 23, 2025, the New FSMPs National Standard will take effect on March 16, 2027. Since the date of implementation of the New FSMPs National Standard, producers should organize production in accordance with the registered technical requirements of the New FSMPs National Standard, the products previously produced in accordance with the National Standard for Food Safety – General Principles of Infant Formula Food for Special Medical Purposes (GB 25596-2010) (《食品安全國家標準特殊醫學用途嬰兒配方食品通則(GB 25596-2010)》) can be sold until the end of the shelf life. For the registered infant formula food for special medical purposes, if the applicant only adjusts the formula according to the New FSMPs National Standard, the applicant would follow the procedure for change of registration in principle.

Production of FSMPs

According to the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》), for applications for production licenses of special foods such as special medical purpose formula foods and infant formula foods, enterprises shall also submit production quality management system documents suitable for the foods to be produced, as well as relevant registration and filing documents.

The Detailed Rules for the Examination of Production Licenses for Foods for Special Medical Purposes (《特殊醫學用途配方食品生產許可審查細則》), promulgated by the SAMR on and effective as of January 29, 2019, specify the application documents, key on-site inspection items, interface between product registration and licensing, and quality-management systems. The Rules require a manufacturer to obtain the FSMP registration certificate issued by SAMR before applying for the production license; the license itself is issued by the provincial-level market supervision department.

Sale of FSMPs

In accordance with the Measures for the Registration of Foods for Special Medical Purposes (《特殊醫學用途配方食品註冊管理辦法》), any FSMPs sold within China, whether domestically produced or imported, must submit a registration application to the National Administration of Market Regulation and can only be sold after obtaining the product registration certificate. However, FSMPs purchased by consumers for personal use through cross-border e-commerce channels are exempt from registration in China. For details, please refer to “–Cross-Border E-Commerce Business” below.

Operators engaged in the sale of FSMPs must obtain a food business license or complete the filing for prepackaged food sales only, in accordance with the Administrative Measures for Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》). It is important to note that medical institutions and drug retail enterprises are exempt from filing requirements when selling Specific Total Nutrient Formula Foods. Nevertheless, distribution enterprises supplying Specific Total Nutrient Formula Foods to these institutions must obtain a food business license or complete the requisite filing.

LAWS AND REGULATIONS ON LARGE-SCALE LIVESTOCK AND POULTRY RAISING AND BREEDING

Record Filing of Livestock and Poultry Farms

Pursuant to the provisions of the Animal Husbandry Law of PRC (《中華人民共和國畜牧法》) (the “**Animal Husbandry Law**”) promulgated by the Standing Committee of the National People’s Congress (the “NPCSC”) on December 29, 2005, last amended on October 30, 2022 and implemented on March 1, 2023, the entity establishing a livestock and poultry farm shall file its information with the county-level agricultural department and obtain identification codes. To establish such a farm, an entity must satisfy statutory conditions regarding production premises, technical staffing, epidemic prevention, and facilities for innocuous treatment and resource utilization of livestock and poultry manure.

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Production and Operation of Breeding Livestock and Poultry

According to the Animal Husbandry Law, an entity or individual engaged in the production and operation of breeding livestock and poultry or in the commercial production of young livestock and poultry shall obtain a license for the production and operation of breeding livestock and poultry (種畜禽生產經營許可證). To obtain such license, an applicant must satisfy statutory conditions regarding species verification, technical personnel, facilities, equipment, epidemic prevention, and quality control systems. Engaging in such activities without a license or in violation of license-related provisions is prohibited. Violations may result in administrative penalties such as fines, confiscation of illegal income, and orders to cease operations. In serious cases, the license shall be revoked.

General Provisions on Animal Epidemic Prevention

Pursuant to the provisions of the Animal Epidemic Prevention Law of the PRC (《中華人民共和國動物防疫法》), which was last amended by the NPCSC on January 22, 2021 and became effective on May 1, 2021, to operate an animal farm, animal isolation site, animal slaughtering and processing place, as well as a innocuous treatment facility of animals and animal products shall apply to the competent agricultural and rural authorities of the local government at or above the county level for a certificate for animal epidemic prevention conditions (動物防疫條件合格證). To obtain this certificate, such facilities must satisfy statutory requirements regarding proper site location and distancing from public places, isolated enclosure design, adequate sewage and innocuous treatment facilities, proper staffing of licensed veterinarians or technicians, and comprehensive epidemic prevention management systems.

Pursuant to the Measures for the Examination of Animal Epidemic Prevention Conditions (2022) (《動物防疫條件審查辦法(2022)》) promulgated by the MARA on September 7, 2022 and implemented on December 1, 2022, a site selection request must be submitted to the competent county-level agricultural authorities to establish such animal facilities. Certificate holders must re-apply for a new certificate upon changes to their premises or business scope, and apply for modification within 15 days for changes to the entity name or legal representative. Alterations to facility layouts affecting epidemic prevention conditions must be reported 30 days in advance. Furthermore, an annual epidemic prevention report must be submitted to the competent authorities by the end of March each year.

LAWS AND REGULATIONS RELATING TO FOOD SAFETY IN GENERAL

Food Safety

On February 28, 2009, the SCNPC promulgated the PRC Food Safety Law (《中華人民共和國食品安全法》) (the “**Food Safety Law**”), which became effective on June 1, 2009, last amended on April 29, 2021 and became effective on the same day. On July 20, 2009, the State Council promulgated the Implementing Regulations of the Food Safety Law (《中華人民共和國食品安全法實施條例》), which was last amended on October 11, 2019 and became effective on December 1, 2019. According to the Food Safety Law and the Implementing Regulations of the Food Safety Law, food producers and operators shall engage in food production and operation activities in compliance with these laws, regulations and food safety standards, establish a sound food safety management system, and take effective measures to prevent and control food safety risks, thus ensuring food safety.

According to the Food Safety Law, supervision duties related to food safety shall be undertaken by the State Council and its relevant departments. The State Council shall establish a food safety committee. The food safety supervision and administration departments under the State Council shall exercise supervision and administration over food production and operation activities. The health administrative department under the State Council shall organize the implementation of risk monitoring and risk assessment of food safety and shall formulate and issue national food safety standards in concert with the food safety supervision and administration departments. The standardization administrative department under the State Council shall provide the reference codes for these national standards. Food safety standards are mandatory standards. Other relevant departments under the State Council shall carry out relevant food safety work.

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Moreover, the PRC has established a food safety traceability system. According to the relevant laws and regulations above, food producers and operators shall establish a whole process food safety traceability system, and truthfully record and keep information on procurement inspection, pre-delivery examination, food sales, etc. in accordance with the requirements, so as to ensure the traceability of food products. The food safety supervision and administration departments under the State Council shall establish a coordination mechanism for whole-process food safety traceability in collaboration with the agriculture administrative department and other related departments under the State Council.

According to the Regulation on the Supervision and Administration of the Quality and Safety of Dairy Products (《乳品質量安全監督管理條例》), which was promulgated by the State Council and became effective on October 9, 2008, raw milk and dairy products must comply with the national quality and safety standards. It is forbidden to add any non-edible chemical substance or any other substance that may be hazardous to the human health during the production of dairy products.

Food Recall System

Pursuant to the Food Safety Law and the Measures for the Administration of Food Recalls (《食品召回管理辦法》) (promulgated by the China Food and Drug Administration (now the SAMR) on March 11, 2015 and last amended on October 23, 2020), the State has established a food recall system. Under this system, food producers and operators assume primary responsibility for food safety and must immediately cease production and operation, recall products, notify relevant parties and consumers, and keep records if any food produced or operated is found to be unsafe or non-conforming to food safety standards. The SAMR is responsible for supervising the recall and disposal of unsafe food. Violations of the relevant recall provisions may subject food producers and operators to administrative penalties, including warnings, fines, and other punishments.

Food Labeling Management

According to the Administrative Provisions on Food Labeling (《食品標識管理規定》), which was promulgated by the State Administration of Quality Supervision, Inspection and Quarantine on August 27, 2007 and was last revised and effective on October 22, 2009, food products or their packages shall be attached with labels, unless it is otherwise provided by any law or administrative regulation. The contents of a food label shall be authentic, accurate, exoteric, easy to understand, scientific and legal. The food label shall state the name of the food, the place of production of the food, the name, address and contact of the manufacturer, and distinctly state the date of production and the date of expiration of the food, and also state the storage requirements under the requirements of the relevant provisions. On March 14, 2025, the SAMR promulgated the Administrative Measures for Supervision of Food Labeling (《食品標識監督管理辦法》), which will come into effect on March 16, 2027 and replace the Administrative Provisions on Food Labeling.

According to the Measures for the Registration of Formula Recipes for Infant Formula Milk Powder Products issued by the SAMR on June 26, 2023, which will come into effect on October 1, 2023, infant formula labels and instructions must be submitted with the registration application, remain consistent with the registered formula, and display the registration number. They must truthfully and specifically declare ingredient details (including precise origins of raw milk, animal protein sources, and vegetable oils in descending order of weight) and nutrient sequences. Any false claims, implications of disease prevention or therapy, images of infants or women, and terms such as “human-milk-like” are strictly prohibited.

Pursuant to the Guidelines for Labeling of Foods for Special Medical Purposes (《特殊醫學用途配方食品標識指南》) promulgated by the SAMR on December 20, 2022 and effective on the same day, the FSMP labeling must comply with relevant food safety standards and be consistent with the FSMP registration certificate, including marking the registration number. The labels and instructions must be true, scientific, and accurate, devoid of any false, exaggerated, or absolute language, and must clearly specify that the product should be used under the guidance of physicians or clinical dietitians. Furthermore, the minimum sales units of FSMP products must bear the exclusive FSMP logo.

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Regulations On Product Quality and Consumer Rights Protections

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not have the function for use that it is supposed to have, and no prior indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses because of purchased product, the seller shall compensate for such losses.

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”) was adopted by the NPC, which became effective on January 1, 2021, according to which, a manufacturer or a commercial seller is subject to liability for harm to persons or property caused by the product defects. The infringed may seek compensation from the manufacturer or the commercial seller. Where the infringed seeks compensation from the commercial seller, the commercial seller shall have the right to make a claim against the liable manufacturer after it has made compensation.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) (the “**Customer Protection Law**”) was promulgated by the SCNPC on October 31, 1993 and was last amended and became effective on March 15, 2014, requires business operators to guarantee product safety, provide authentic information, and ensure product quality. Non-compliance may result in civil liabilities (such as refunds and compensation), administrative penalties (including fines, business suspension, or revocation of licenses), or criminal penalties in severe cases.

INDUSTRIAL PRODUCTS

According to the Administrative Regulations of the PRC on Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), which was promulgated by the State Council on July 9, 2005, and was last amended and became effective on July 20, 2023, the State shall implement a production licensing system for enterprises that produce dairy products, meat products, beverages, rice, flour, edible oils, alcohol and other processed foods that have a direct bearing on human health. The validity period of production licenses for food processing enterprises is three years. If an enterprise seeks to continue producing the relevant product on the expiry of a production license, it shall apply for a new production license to the relevant department at the provincial level where it is located six months prior to the expiration of the existing production license.

ONLINE RETAIL BUSINESS

On August 31, 2018, the SCNPC issued the E-commerce Law of the PRC (《中華人民共和國電子商務法》) (the “**E-commerce Law**”), which became effective on January 1, 2019. According to the E-commerce Law, “e-commerce” refers to business activities of selling goods or providing services through information networks such as the Internet. E-commerce operators shall register as market entities in accordance with the law, except for individuals selling self-produced agricultural and sideline products, household handicraft products and those who do not need to be registered in accordance with law or administrative regulations. When engaging in business activities, e-commerce operators shall obtain relevant administrative licenses if so required by law, failing which such e-commerce operators may be subject to order of rectification within a prescribed period of time, imposition of fines, and order of suspension of operations by the market regulation department.

On March 15, 2021, the SAMR issued the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which was last amended and became effective on May 1, 2025. These Measures apply to business activities of selling goods or providing services through the Internet or other information networks in PRC. According to these Measures, online transaction operators may not violate the provisions of laws, regulations or decisions of the

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State Council, or engage in business operations without required license. Except under the circumstances where registration is not required under the E-commerce Law, online transaction operators shall register themselves as market entities. Online transaction operators who carry out online transaction activities through online social networking, online live broadcasting and other online services shall display information about the goods or services and their actual operating entities, and after-sales services, etc. in a conspicuous manner, or the link to the above information.

On November 4, 2016, the Cyberspace Administration of the PRC, or the CAC, promulgated the Provisions on the Administration of Online Live-streaming Services (《互聯網直播服務管理規定》), which became effective on December 1, 2016. Pursuant to these Provisions, online live-streaming service providers shall enter into a service agreement with the users of online live-streaming services to clarify the rights and obligations of both parties and require them to comply with the laws, regulations and platform conventions.

CROSS-BORDER E-COMMERCE BUSINESS

According to the Circular on Improving the Regulation for Cross-border E-commerce Retail Imports (《關於完善跨境電子商務零售進口監管有關工作的通知》) promulgated by the MOFCOM, the NDRC, the MOF, the General Administration of Customs (“GACC”), the State Taxation Administration, and the SAMR on November 28, 2018 with effect from January 1, 2019, the cross-border E-commerce retail imports shall be regulated as goods imported for personal use, which shall not be subject to the license approval, registration or filing requirements for the first-time importation of the goods, and the cross-border E-commerce retail imports shall satisfy the following criteria: (i) fall in the Cross-Border E-commerce List, be solely for personal use and satisfy the conditions stipulated in the tax policies for cross-border e-commerce retail importation; (ii) transacted through an e-commerce platform linked with the Customs network, and able to achieve “three documentation” comparison of transaction, payment and logistics electronic information; (iii) not transacted through an e-commerce platform linked with the Customs network, but the inbound and outbound courier operator or postal enterprise can accept entrustment by the relevant e-commerce enterprise and payment enterprise, undertake to bear the corresponding legal liability, and transmit transaction, payment and other electronic information to the Customs.

Pursuant to the Notice on Improving the Taxation Policy for Cross-border E-commerce Retail Imports (《關於完善跨境電子商務零售進口稅收政策的通知》) issued by the MOF, GACC and SAT on November 29, 2018 and implemented on January 1, 2019, the limit of a single transaction of cross-border e-commerce retail import goods was increased from RMB2,000 to RMB5,000, and the annual transaction limit was increased from RMB20,000 to RMB26,000.

According to the Announcement on Regulatory Matters concerning Cross-Border E-commerce Retail Imports and Exports (《關於跨境電子商務零售進出口商品有關監管事宜的公告》), the “**Circular No. 194**” promulgated by the GACC on December 10, 2018 and implemented on January 1, 2019, goods imported through “Imports via Direct Purchase” (直購進口) in cross-border e-commerce and those applicable to the import policy of “Bonded Imports via Online Shopping” (網購保稅進口) are subject to the regulation as inbound items for personal use but not subject to the requirements for initial import approval, registration and recordation of relevant goods. As FSMPs are included in the Cross-Border E-Commerce List, our Korean-manufactured FSMP formula sold through the aforementioned cross-border channels is exempt from SAMR registration in the PRC.

IMPORT AND EXPORT OF GOODS

On May 12, 1994, the SCNPC promulgated the PRC Foreign Trade Law (《中華人民共和國對外貿易法》) (the “**Foreign Trade Law**”), which was last amended and came into force on December 30, 2022. Under this law, the State Council’s foreign trade department manages national foreign trade and collaborates with other departments to formulate, adjust, and issue catalogs of restricted or prohibited import and export goods, and may impose temporary restrictions on unlisted items with State Council approval.

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Pursuant to the Administrative Provisions of the PRC Customs on the Recordation of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) which was promulgated by the GACC on November 19, 2021 and took effect on January 1, 2022, consignees, consignors, and declaration enterprises must record with Customs, and such recordation is valid indefinitely. According to the Administrative Measures for the Safety of Imported and Exported Food of the PRC (《中華人民共和國進出口食品安全管理辦法》) which was promulgated by the GACC on April 12, 2021 and took effect on January 1, 2022, export food production enterprises shall record with the local customs, and ensure that their exported food complies with the standards, treaties, or PRC standards. Overseas exporters/agents and domestic food importers must also file authentic records with the GACC and local customs respectively, and the GACC will publish the list of filed entities.

ADVERTISEMENT

On October 27, 1994, the SCNPC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”), which was last amended on April 29, 2021 and became effective on the same day. According to the Advertising Law, advertisements shall not have any false or misleading content, or defraud or mislead consumers. An advertiser shall be responsible for the veracity of the contents of advertisement. Where a false advertisement is published, the market regulatory department shall order cessation of publishing the advertisement, order the advertiser to eliminate adverse effects within the corresponding extent, and impose a fine. Where a false advertisement has caused any damage to the lawful rights and interests of consumers who purchase goods or receive services, the advertiser shall assume civil liability in accordance with the law.

Advertisement of Infant Formula Milk Powder Products

At the national level, there are specific regulations on advertising and promotion of infant formula milk powder (infant formula), with the core prohibitions centered on the “two prohibitions” and supported by several restrictive provisions:

First, it is prohibited to publish advertisements claiming “substitution of breast milk”. Article 20 of the Advertising Law promulgated on October 27, 1994 by the SCNPC, which was last revised on April 29, 2021 and became effective on the same day, clearly stipulates that it is prohibited to publish advertisements for infant dairy products that claim to fully or partially substitute breast milk in any mass media or public places.

Second, it is prohibited to advertise infant formula milk powder for infants aged 0-12 months. The Action Plan for Improving Domestic Infant Formula Milk Powder 《國產嬰幼兒配方乳粉提升行動方案》 issued by seven departments including the National Development and Reform Commission stipulates that no advertising or promotion shall be conducted for infant formula dairy products intended for infants aged 0-12 months.

Advertisement of Formula Food for Special Medical Purposes

According to the Food Safety Law, the Advertising Law of the PRC, and the Interim Administrative Measures for the Examination of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) promulgated on December 24, 2019 and became effective on March 1, 2020 by the SAMR, advertisements for drugs, medical devices, health food and formula food for special medical purposes shall be true and legitimate, and shall not contain any false or misleading contents. Advertisers shall be responsible for the veracity and legitimacy of the contents of advertisements for drugs, medical devices, health food and formula food for special medical purposes. An application for the review of an advertisement for a drug or formula food for special medical purposes shall be filed with the advertisement review authority of the place where the production enterprise or import agent or any other advertiser is located.

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LAWS AND REGULATIONS ON LAND USE

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), which was promulgated by the NPCSC on June 25, 1986 and implemented on January 1, 1987, and last amended on August 26, 2019 and implemented on January 1, 2020, urban land is state-owned, while rural/suburban land, homesteads, and reserved plots are generally collectively owned by farmers and managed by village collective economic organizations or committees.

Use of State-owned Land

Pursuant to the Land Administration Law of the PRC and the Implementing Regulations for the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》), which were last amended by the State Council on July 2, 2021 and implemented on September 1, 2021, and the Provisional Regulations of the PRC Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), which was promulgated by the State Council on May 19, 1990 and implemented on the same date, and was last amended on November 29, 2020 and implemented on the same date, except for the allocation of state-owned land use rights within the scope prescribed by law, the State implements a paid-use system for state-owned land in accordance with the law. The methods of compensated use of state-owned land mainly include transfer of state-owned land use rights, leasing of state-owned land, and using state-owned land use rights as a way of capital contribution or investment in exchange for equity. Transfer of land use rights can be conducted by means of agreement, tender, and auction. Transfer of land use rights requires the signing of a land use right transfer contract and payment of land premium.

Use of Collectively-Owned Land

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), the State strictly regulates the use of collectively-owned land for non-agricultural construction. The land owner of collectively-owned commercial construction land may transfer or lease the land use rights, provided that such transfer or lease is approved by at least two-thirds of the members of the collective economic organization or two-thirds of the villagers’ representatives.

Administration of Agricultural Facility Land

The Notice on Issues Concerning the Administration of Facility Agricultural Land (《關於設施農業用地管理有關問題的通知》), jointly issued by the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs on December 17, 2019, administers facility agricultural land (for crops, livestock, and aquaculture) as agricultural land, requiring operators to file with township governments. The Notice stipulated a five-year validity period expiring on December 16, 2024, and the competent authorities have not issued new measures superseding or extending the expired regulations.

The Measures for the Administration of Facility Agricultural Land in Shandong Province (《山東省設施農用地管理辦法》), which was jointly issued by the Department of Natural Resources of Shandong Province, the Department of Agriculture and Rural Affairs of Shandong Province, and the Bureau of Animal Husbandry and Veterinary Medicine of Shandong Province on May 6, 2020 and implemented on the same day, formulates specific provisions on the administration of facility agricultural land within Shandong Province, including the scope of land use, scale standards for auxiliary facility land, review and filing procedures, and regulatory requirements, etc. The Measures stipulated a five-year validity period expiring on May 5, 2025, and the competent authorities have not issued new measures superseding or extending the expired regulations.

Notice of Heilongjiang Provincial Department of Natural Resources and Heilongjiang Provincial Department of Agriculture and Rural Affairs on Regulating the Administration of Facility Agricultural Land and Promoting the Healthy Development of Modern Agriculture (《黑龍江省自然資源廳、黑龍江省農業農村廳關於規範設施農業用地管理促進現代農業健康發展的通告》), which was promulgated on May 1, 2020 and implemented on the same day, stipulates that facility agricultural land is part of the internal structural adjustment of agriculture, may use general cultivated land without the need to implement the balance of occupation and compensation, and prescribes the circumstances under which permanent basic farmland is used for crop planting

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facilities. Meanwhile, it expands the scale of auxiliary facility land for crop planting from within 10 mu under the original policy to within 30 mu, permits multi-story buildings for livestock and poultry breeding, appropriately increases the proportion of auxiliary facilities, and strengthens hierarchical supervision.

Leased Property

The Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective on February 1, 2011, stipulates that within thirty days from execution of a property lease contract, the parties to the contract shall complete property leasing registration with the competent construction (real estate) department of the local government where the leased property is located. If an organization fails to perform this obligation, the competent construction (real estate) departments shall urge the organization to make corrections within a specified time limit, and shall impose a fine between RMB1,000 and RMB10,000 on the organization if it fails to make corrections within the time limit. However, pursuant to the Civil Code of the PRC, the failure to register a lease contract does not affect its validity.

INTELLECTUAL PROPERTY

Trademark

Pursuant to the PRC Trademark Law (《中華人民共和國商標法》) (the “**Trademark Law**”), which was promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, and the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》), which was adopted by the State Council on August 3, 2002, last amended on April 29, 2014, and became effective on May 1, 2014, the trademark registrants shall be entitled to the right to the exclusive use of their registered trademarks and shall be protected by law. A registered trademark is valid for a term of ten years commencing on the date of registration approval, and the term is renewable. The trademark registrant may, by concluding a trademark licensing contract, authorize other persons to use its registered trademark.

Patents

According to the PRC Patent Law (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984 and most recently amended on October 17, 2020 and effective from June 1, 2021, and the Implementation Rules of the PRC Patent Law (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and effective from January 20, 2024, invention patents are valid for twenty years, utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application.

Copyright

In accordance with the PRC Copyright Law (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020, and became effective on June 1, 2021, works of PRC nationals, legal persons and other organizations, whether published or not, and works of non-PRC nationals or stateless persons which are first published in the territory of the PRC, shall enjoy copyright under this Law. Unless otherwise provided for by this Law, the copyright in a work shall be owned by its author. An author’s rights of authorship, modification and integrity in respect of his/her work shall continue in perpetuity.

Domain Names

Domain names are protected under the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology, or the MIIT, on August 24, 2017 and effective from November 1, 2017, and the Implementing Rules for National Top-level Domain Registration (《國家頂級域名註冊實施細則》) issued by China Internet Network Information Center on June 18, 2019, which became effective on the same day. The MIIT is the main regulatory body responsible for the administration of the PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

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ENVIRONMENTAL PROTECTION

According to the PRC Environmental Protection Law (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989, last amended on April 24, 2014 and effective as of January 1, 2015, the pollution prevention and control facilities in construction projects shall be designed, built and commissioned along with the principal part of the project at the same time. The pollution prevention and control facilities shall meet the requirements specified in the approved documents regarding the environmental impact assessment and shall not be dismantled or left idle without authorization.

LAWS AND REGULATIONS ON CONSTRUCTION PROJECTS

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007, which was last revised on April 23, 2019 and became effective on the same date, a project owner shall, prior to the commencement of construction design, apply to the natural resources planning administrative department under the local people’s government at or above the county level at the place where the construction project is located for a construction planning permit.

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by SCNPC on November 1, 1997, which was last revised on April 23, 2019 and became effective on the same date, and the Administrative Measures on Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development (“**MOHURD**”) on October 15, 1999, which was last revised on March 30, 2021 and became effective on the same date, a project owner shall, prior to the commencement of construction, apply to the administrative department of housing and urban-rural development under the local people’s government at or above the county level at the place where the construction project is located for a construction permit. For unauthorized construction without a construction permit, or by dividing a project for the purpose of avoiding the application for the construction permit, the permit issuing authority with jurisdiction shall order the offender to suspend the construction and make corrections with the time limit, impose a fine of more than 1% and less than 2% of the project contract price on the project owner and impose a fine of less than RMB30,000 on the construction entity.

PRODUCTION SAFETY

On June 29, 2002, the SCNPC promulgated the PRC Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the “**Production Safety Law**”), which was last amended on June 10, 2021 and became effective on September 1, 2021. In accordance with the Production Safety Law, the PRC implements a system of accountability for production safety accidents. Production and operation units must implement national or industry standards formulated in accordance with the law to ensure safe production, and provide safe production conditions that meet the requirements of laws, administrative rules, and national or industry standards. Production and business units shall set up conspicuous safety warning signs in production and business sites and relevant facilities and equipment with relatively high potential hazard. The design, manufacture, installation, use, testing, maintenance, transformation, and scrapping of safety equipment shall comply with national or industry standards.

EMPLOYMENT, SOCIAL INSURANCE, AND HOUSING PROVIDENT FUND

Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate laborers in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions

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shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor protection. The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance, variation, rescission and termination of labor contracts. Pursuant to the PRC Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force laborers to work beyond the time limit and employers shall pay laborers for overtime work in accordance with the laws and regulations. In addition, labor wages shall not be lower than local standards on minimum wages and shall be paid to laborers in a timely manner.

Social Insurance

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. In accordance with the Social Security Law of the PRC (《中華人民共和國社會保險法》) which was last amended on December 29, 2018 and other applicable laws and regulations, employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears.

According to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued on September 21, 2018, local authorities at all levels responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises in a centralized manner. The Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued on November 16, 2018 and the Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated by the General Office of the State Council on April 1, 2019, also emphasize that the historical unpaid arrears of enterprises shall be properly treated, or in the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises in a centralized manner.

Pursuant to the Interpretation (II) of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), the “Interpretation (II)”, which was promulgated on July 1, 2025 and became effective on September 1, 2025, any agreement or undertaking between an employer and an employee to waive social insurance contributions shall be deemed invalid. If an employee terminates the labor contract due to the employer’s failure to pay social insurance contributions and claims economic compensation, such claim shall be supported by the people’s courts. However, if the employer subsequently makes up the social insurance arrears and requests the employee to return the economic compensation previously paid on such grounds, the people’s courts shall support such request for restitution.

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Housing Provident Fund

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, employers shall register at the competent managing center for housing provident funds and upon the examination by such managing center of housing provident funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees’ housing provident funds. Employers are also required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner. With respect to employers who violate the above regulations and fail to complete housing provident fund contribution registration or open housing provident fund accounts for their employees, such employers shall be ordered by the competent managing center of housing provident funds to complete such procedures within the prescribed period. Those who do not fulfill these procedures within the specified timeframe will be liable to a fine ranging from RMB10,000 to RMB50,000. In cases of overdue or insufficient payment of the housing provident fund in contravention of the regulations, the housing provident fund managing center is authorized to instruct pertinent employers to make contributions within the designated period. Failure to comply may result in an application to a people’s court for compulsory enforcement.

INFORMATION SECURITY AND DATA PROTECTION

The PRC Data Security Law (《中華人民共和國數據安全法》) (the “**Data Security Law**”) was passed on June 10, 2021 and became effective on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permits or even criminal liabilities.

The PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”) was promulgated on August 20, 2021 and became effective on November 1, 2021. Instead of relying solely on “notification and consent” as established in the PRC Cybersecurity Law (“**Cybersecurity Law**”), the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for certain circumstances. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, inclusion in relevant credit record, or even criminal liabilities. Pursuant to the PRC Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public the personal information of others.

On April 13, 2020, thirteen PRC governmental and regulatory agencies, including the CAC, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was last amended on December 18, 2021, and became effective on February 15, 2022. The Measures for Cybersecurity Review specifies that an online platform operator that possesses the personal information of more than one million users must apply for cybersecurity review by the Cybersecurity Review Office, if it plans on listing in foreign countries. The Cybersecurity Review Office may initiate a cybersecurity review if any network products and services, activities of data processing or overseas listing of companies affects or may affect national security. Pursuant to the Measures for Cybersecurity Review, any violation shall be punished in accordance with the Cybersecurity Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of non-compliant operations.

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On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》) (the “**CBDF Provisions**”). In accordance with the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), implemented on September 1, 2022, the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》), implemented on June 1, 2023, the Announcement regarding the Implementation of Personal Information Protection Certification (《關於實施個人信息保護認證的公告》), implemented on November 4, 2022, and the CBDF Provisions, data processors transferring data overseas are required to comply with the corresponding data cross-border transfer supervision procedures as stipulated by relevant laws and regulations, except for those meeting exemption conditions. According to the CBDF Provisions, data processors are subject to security assessments conducted by the CAC prior to any cross-border transfers of important data and personal information, if falling under any of the following circumstances: (i) where the critical information infrastructure operator intends to provide important data or personal information overseas; (ii) where the data processor other than critical information infrastructure operators intends to provide important data overseas; (iii) where the data processor other than critical information infrastructure operators, who has provided personal information (excluding sensitive personal information) of at least one million individuals or sensitive personal information of at least 10,000 individuals to overseas recipients accumulatively since January 1 of any given calendar year, intends to provide personal information overseas; and (iv) other circumstances where the security assessment of cross-border data transfer is required as prescribed by the CAC.

Under the Administrative Measures for the Registration of Foods for Special Medical Purposes (《特殊醫學用途配方食品註冊管理辦法》) and the Good Clinical Practice for Clinical Trials of Foods for Special Medical Purposes (《特殊醫學用途配方食品臨床試驗質量管理規範》), the “FSMPs GCP”) promulgated by the SAMR and effective as of April 25, 2024, any clinical trial for an FSMP must be conducted in full compliance with the FSMPs GCP. All paper or electronic data generated during the trial must be properly documented, handled, and retained so as to ensure authenticity, accuracy, completeness, and traceability. Every party involved in the trial is further required to safeguard subject privacy and to observe all applicable confidentiality obligations.

On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform.

SECURITIES LAW AND OVERSEAS OFFERING AND LISTING OF SHARES

On December 29, 1998, the SCNPC promulgated the PRC Securities Law (《中華人民共和國證券法》), which was last amended on December 28, 2019 and took effect on March 1, 2020. The PRC Securities Law states that domestic enterprises that seek to issue securities abroad directly or indirectly or to list their securities abroad for trading shall comply with the relevant provisions of the State Council.

Pursuant to the Trial Measures for the Administration of Overseas Offering and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and effective as of March 31, 2023, direct or indirect issuance of securities overseas by a domestic company or listing of its securities overseas is subject to the regulations of the CSRC, and in the case of an initial public offering of shares or listing overseas, the issuer or the designated entity shall file with the CSRC within three business days after the application for the initial public offering is submitted.

On February 24, 2023, the CSRC and three other government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》). Pursuant to these Provisions, any disclosure of state-secret-related documents to overseas regulators or the public must be approved

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and filed with relevant authorities. Working papers of securities firms/service institutions formed in the PRC must be retained in the PRC, with cross-border transfers subject to PRC approval. Under the PBOC and SAFE Notice on Issues Concerning the Administration of Funds for Overseas Listing of Domestic Enterprises (《中國人民銀行國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), issued on December 24, 2025; effective April 1, 2026), foreign exchange rules are unified and listing proceeds shall in principle be promptly repatriated to the PRC.

REGULATIONS RELATED TO THE “FULL CIRCULATION” OF H SHARE

“Full circulation” refers to the listing and trading on the Stock Exchange of domestically unlisted shares of an H-share listed company. Pursuant to the Full-circulation Guidelines and the Overseas Listing Measures (effective March 31, 2023), shareholders of domestic unlisted shares may convert them into H shares listed on the Stock Exchange upon filing with the CSRC. Such shares are prohibited from being transferred back to China once circulated. Technical operations such as registration and settlement are subject to the Measures for Implementation of H-share “Full Circulation” Business (《H股「全流通」業務實施細則》) (the “Measures for Implementation”) jointly issued by the CSDC and the SZSE in 2019.

SPANISH LAWS AND REGULATIONS

Set out below a summary of the principal laws and regulations which are relevant to our business operations in Spain. These include regulations on company formation, VAT, competition law, labor law, data protection, and consumer protection. All this laws are under the directives of the European Union.

Company Formation and Registration

The establishment, operation, and management of a company in Spain are primarily governed by the Spanish Corporate Law (Ley de Sociedades de Capital). According to this law, all companies must register with the Commercial Register (Registro Mercantil) to gain legal recognition. This registration serves as proof of the company’s existence and is mandatory for all business entities operating in Spain. Any amendments to the company’s corporate structure, such as changes in business activities, must be submitted to the Commercial Register for public disclosure.

VAT

In terms of indirect taxation, Spain imposes a VAT (Impuesto sobre el Valor Añadido, IVA) on most goods and services. The standard VAT rate is 21%, with reduced rates of 4% and 10% applicable to certain goods and services. Businesses must register for VAT and report tax payments periodically. Additionally, businesses can claim VAT refunds for certain expenses under specified conditions, depending on the nature of the transaction and the country of origin.

Competition Law

Competition law in Spain is governed by both EU competition law (Regulations and case law of the European Commission and the Court of Justice of the EU) and Spanish Competition Law (Ley Española de Competencia). These regulations prohibit anti-competitive practices such as price-fixing, market-sharing agreements, and abuse of a dominant market position. Companies must ensure compliance with these laws to prevent any actions that may restrict competition. Violation of these regulations can lead to severe penalties, including fines and restrictions on business operations.

Labor Law

In Spain, the Labor Law (Estatuto de los Trabajadores) outlines the requirements for employee rights, including written contracts, fair wages, safe working conditions, and regulated working hours. Employers are also required to ensure proper health and safety protections for employees, as well as provide adequate training and safety materials. These regulations apply to both domestic and foreign employees working in Spain, ensuring equal treatment and safe working environments for all.

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Data Protection Law

The Data Protection Law (Ley Orgánica de Protección de Datos Personales) is aligned with the General Data Protection Regulation (“**GDPR**”) of the European Union. This law establishes the legal framework for the processing of personal data, mandating that businesses implement appropriate measures to protect data privacy. Organizations must notify the Spanish Data Protection Agency (Agencia Española de Protección de Datos) in the event of a data breach, and individuals must be informed of their rights concerning the processing of their personal data. The law also ensures that businesses comply with data protection by design and by default.

Consumer Protection Law

Consumer protection in Spain is governed by the Consumer Protection Law (Ley de Protección de los Consumidores y Usuarios). This law safeguards consumers’ rights by ensuring that products and services meet safety and quality standards. Any product or service that does not meet the specified standards is subject to compensation or refund, as per the consumer’s rights. Furthermore, companies are required to provide clear and truthful information regarding their products and services to avoid any misleading claims.

We are fully compliant with all applicable laws and regulations in Spain in all material respects.

KOREAN LAWS AND REGULATIONS

Set out below is a summary of certain aspects of the Korean laws and regulations which are relevant to the operations and business of our Korean subsidiaries HAM Co., Ltd. and Ohsung Co., Ltd.

Regulations on Business in General

Set out below is the Product Liability Act and the Foreign Investment Promotion Act that are generally applicable to us in Korea.

Foreign Investment Promotion Act

The Foreign Investment Promotion Act was enacted to promote foreign investment by significantly relaxing regulations on foreign investment, expanding tax support therefor, and designating foreign investment zones to attract large-scale foreign investment. This Act applies where a foreign investor’s investment amount is KRW100,000,000 (approximately HK\$564,206) or more.

Foreigners may conduct business in Korea without restrictions, except where special provisions exist.

In the case of manufacturing industry, if the investment is USD\$30,000,000 (approximately HK\$235,000,000) or more, rental fee reductions and tax benefits may be received.

After investment, foreigners must register as a foreign-invested enterprise, through which they can receive benefits such as leasing of state-owned property and tax reductions.

This Act guarantees free overseas remittance of dividend income, etc. of foreign investors. However, there is a withholding tax obligation on dividend income under Korean tax laws, and there is a reporting obligation when remitting overseas.

Product Liability Act

The Product Liability Act (“**PL Act**”) regulates compensation for damages to life, body, and property (excluding damages to the relevant product itself) caused by defects in products manufactured by manufacturers. Processed food is included in the products subject to the PL Act. A manufacturer shall be exempt from liability for damages if the manufacturer proves any of the following facts: (i) the manufacturer did not supply the product, (ii) the existence of the defect

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could not be identified by the state of scientific or technical knowledge at the time of supply, (iii) the defect occurred despite the manufacturer’s compliance with standards, or (iv) in the case of raw materials or components, the defect is attributable to the design or manufacturing instructions of the manufacturer.

Industry-Specific Regulations

Food Sanitation Act

This Act was enacted to prevent sanitary hazards caused by food, improve the quality of food nutrition, and provide correct information about food to enhance public health. Those who wish to manufacture food must obtain Food Safety Management Certification (“**HACCP**”), and since powdered milk (infant formula) falls under special purpose food, those who manufacture powdered milk must mandatorily obtain HACCP Certification.

HACCP Certification is examined based on the seven principles including hazard analysis, establishment of critical control points, establishment of management standards, establishment of monitoring systems, establishment of corrective action methods, establishment of verification methods, and record keeping.

The validity period of HACCP Certification is three years from the date of certification, and annual investigation and evaluation must be received to maintain certification.

Non-compliance may result in certification cancelation or corrective orders, cancelation or suspension of business permits, or penalties of imprisonment for not more than three years or a fine not exceeding KRW30,000,000 (approximately HK\$169,000).

In addition, the Food Sanitation Act requires food manufacturers to report the ingredients and manufacturing methods of products to the relevant authorities before manufacturing products. Violation may result in administrative dispositions such as corrective orders, business suspension, business permit cancelation, or criminal penalties.

Livestock Products Sanitary Control Act

The Livestock Products Sanitary Control Act aims to contribute to public health improvement and livestock industry development through securing the safety and improving the quality of livestock products. Powdered milk falls under dairy products and is subject to this Act. Like the Food Sanitation Act, this Act requires livestock product safety management certification for the manufacturing process of infant formula and imposes product manufacturing report obligations for each product. In particular, manufacturing or selling hazardous livestock products may result in imprisonment for not more than 10 years or a fine not exceeding KRW100,000,000 (approximately HK\$565,000), and administrative dispositions such as business permit cancelation and business suspension.

Act on Designation and Management of Free Trade Zones and Special Act on Designation and Management of Free Economic Zones

The Act on Designation and Management of Free Trade Zones and the Special Act on Designation and Management of Free Economic Zones regulate areas designated to attract foreign investment and promote exports through exceptional measures such as customs suspension. Under these Acts, when establishing a factory in a free trade zone, there is a special provision that permits and licenses under other laws are deemed to have been obtained when concluding an occupancy contract.

Tax benefits such as exemption from customs duties on capital goods imports (5 years), exemption from VAT on export items, and reduction of local taxes (5 years) under the Free Trade Zones Act, or up to 15 years under the Free Economic Zones Act. The lease period for state-owned property can be set to 50 years (renewable). Resident companies must regularly report their operational status, and non-compliance may result in cancelation of occupancy approval or business suspension. Under the Free Economic Zones Act, additional benefits such as research and development facility support may also be available.

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Intellectual Property Regulations

Trademark Act

The Trademark Act protects registered trademarks. The Korean Intellectual Property Office is responsible for trademark registrations. Upon registration, the registrant has the right to exclusively use the trademark. A trademark is any sign, letter, figure, 3-dimensional shape or their combination (including combinations with colors, as well as colors, hologram, movement, sounds or odors that can distinguish one’s goods from those of others. A service mark serves the same purpose for service businesses. The duration of trademark rights and service mark rights is ten years from the date of registration, and may be renewed for successive periods of ten years.

Labor and Employment Regulations

Labor Standards Act

The Labor Standards Act (“**LS Act**”) is the primary legislation in Korea governing employee relations and sets out minimum requirements for working conditions. Any term of an individual employment agreement, rules of employment or collective bargaining agreement that fails to meet the LS Act’s minimum requirements is null and void. Under the LS Act, employers must execute written labor contracts with employees, work hours generally shall not exceed 40 hours a week and eight hours per day (excluding recess), employers shall not dismiss or take punitive measures against employees without justifiable cause, employers shall establish work safety and sanitation systems, and salaries shall not be lower than the minimum salary standard.

Other Labor Related Regulations

Other main labor related laws in Korea include the Minimum Wage Act, the Wage Claim Guarantee Act, the Employee Retirement Benefit Security Act, the Act on Equal Employment and Support for Work-Family Reconciliation, the Act on the Promotion of Worker Participation and Cooperation and the Occupational Safety and Health Act. In addition, employers are required to make contributions to four major social insurance (national health insurance, national pension, employment insurance and industrial accident compensation insurance, respectively) in accordance with respective governing statutes.

Tax Regulations

Corporate Income Tax

Foreign-invested corporations established domestically by foreign shareholders are treated as domestic corporations and are subject to corporate income tax on all income generated domestically and internationally. Expenses are generally deductible if incurred for business purposes and properly documented. Corporate income tax rates (including local income tax) apply progressive rates of 9% to 24% according to taxable income brackets.

Tax Reduction Provisions – Special Tax Treatment Control Law

Foreign-invested enterprises may receive corporate tax or income tax reductions for five years from the first fiscal year in which income is generated. Small and medium enterprises engaged in tax-reduction industries such as manufacturing may receive corporate tax reductions of 5% to 30%. Tax credits are also available for investments in business tangible assets and research and human resource development costs.

Taxation on Dividend Income of Foreign Investors

Under Korean tax law, dividend income for non-residents is subject to a tax rate of 20% and is subject to withholding tax. However, under the Korea-China Tax Treaty, a limited tax rate of 5% is prescribed for dividend income for beneficial owners of dividends who hold 25% or more of shares.